8/037/021
cc: Wayne

0006

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291 Fax: (801) 359-3940
NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

BUREAU OF LAND MANAGEMENT
MONTICELLO FIELD OFFICE
P.O. BOX 7
MONTICELLO, UT 84536
Telephone: (435) 587-1500 Fax: (435) 587-1518
PLAN OF OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

"Small Mining Operations" mining operations which have a disturbed area of five or less surface acres at any time.

I. **GENERAL INFORMATION** (Rule R647-3-104)

1. Name of Mine: **Daneros**
2. Legal name of entity (or individual) for whom the permit is being requested:

	Utah Energy Corporation
Mailing Address:	**PO Box 1346**
City, State, Zip:	**Moab, UT 84532**
Phone:	**435-259-2333** Fax: **435-259-9864**
E-mail Address:	**kellyshumway@frontiernet.net**
Type of Business:	**Corporation (X)**

Entity must be registered (and maintain registration) with the State of Utah, Division of Corporations (DOC) www.commerce.utah.gov.
Are you currently registered to do business in the State of Utah? **X Yes** No **Entity # 6672491-0143**

Local Business License # **N/A**

3. **Contact Person(s)**

Name: **Kelly Shumway** Title: **Company Administrator**
Address: **PO Box 1346**
City, State, Zip: **Moab, UT 84532**
Phone: **435-259-2333** Fax: **435-259-9864**
Emergency, Weekend, or Holiday Phone: **435-260-1554**
E-mail Address: **kellyshumway@frontiernet.net**

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Contact person to be notified for: permitting (x) surety (x) Notices (x) (please check all that apply)

Name: **Kelly Shumway** Title: **Company Administrator**
Address: **PO Box 1346**
City, State, Zip: **Moab, UT 84532**
Phone: **435-259-2333** Fax: **435-259-9864**
Emergency, Weekend, or Holiday Phone: **435-260-1554**
E-mail Address: **kellyshumway@frontiernet.net**

Registered Utah Agent (as identified with the Utah Department of Commerce) *(if individual leave blank)*:
Name: **Corporation Service Company**
Address: **2180 S. 1300 E. Ste 650**
City, State, Zip: **Salt Lake City, UT 84106**
Phone: **435-259-2333** Fax: **435-259-9864**

4. If Business is a Corporation:
Name of Officers:

John Hasleby	Title:	**President & Director**
Kelly Shumway	Title:	**Vice-President**
Richard Sciano	Title:	**Director**

Headquarters Address: **1300 S. Highway 191**
City, State, Zip: **Moab, UT 84532**
Headquarters Phone: **435-259-2333** Fax: **435-259-9864**
E-mail Address: **kellyshumway@frontiernet.net**

5. **Ownership of Land Surface:**

Private (Fee) **Public Domain (BLM) X** National Forest (USFS)
State Trust Land/School Sections State Sovereign Lands
Other (please describe): _____

Name Address
Name Address
Name Address
Name Address

6. **Ownership of Minerals:**

Private (Fee) X Public Domain (BLM) National Forest (USFS)
State Trust Land/School Sections State Sovereign Lands
Other (please describe): _____

Name Address
Name Address
Name Address
Name Address

BLM Lease or Project File Number(s) and/or USFS assigned Project Number(s):
_____

BLM Claim Numbers **UMC 354035-354039 and UMC 371581**

Utah State Lease Number(s): _____

Name of Lessee(s): Utah Energy Corporation

7. **Have the above surface and mineral owners been notified in writing?**
Yes X **No**

If no, why not?

8. **Does the Entity have legal right to enter and conduct mining operations on the land** covered by this notice? **Yes X** No___

II. PROJECT LOCATION & MAP (Rule R647-3-105)

1. **Project Location & Map (legal description):**

County: San Juan

NW 1/4, of SE 1/4, of SW 1/4: Section: 6 Township: 37S Range: 16E

UTM East **571423** (if known) UTM North **4161110** (If known) **Zone 12 S (NAD83)**

Name of Quad Map for Location: **FRY SPRING**

2. **Location and Operations maps** (Attached per Table of Contents)
   a. **general location map:**
   b. **operations map:**

3. The proposed (5 acre or less) disturbed area (including access/haul roads) should be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

Proposed disturbed area will be marked upon notification of impending site inspection.

III. OPERATION PLAN (Rule R647-3-106)

Reference:

A. Construction Schedule
B. Project Schedule

1. Type of mining: **Underground**

2. Mineral(s) to be mined: **Uranium**

3. Amount of material to be extracted, moved, or proposed to be moved: **100,000 tons ore and 14,860 yd^3 of waste.** (Item C)

4. Will any water, liquid chemicals, reagents, or other solutions be used, produced or discharged as part of the mining or milling process?

   Yes X No If yes, please describe (add extra pages if needed)

   Water will be used for dust suppression. No other liquid chemicals, reagents, or other solutions will be used, produced or discharged in the mining process.

5. Provide a brief description of the proposed mining operation and onsite processing facilities:

   A. We propose to develop twin declines: (Item D)

      1. **The main decline will be the haulage route and will measure 10' wide x 12' high, 990 feet deep @ -7.6%.**

      2. **The vent decline will measure 7' wide x 7' high, 970 feet deep @ 7.7% decline, and will be used for ventilation and as a secondary escape-way.**

   B. Development drifts

      1. **The twin development drifts will go through the ore body 12' wide x 8' high with cross cuts and connectors every 100 feet.**

      2. **Waste Rock Characterization**

         Waste from decline and development

         The rock generated by decline and mine development represents a 100' thickness of mudstone and sandstone of the basal Chinle Formation. The sequence was tested by diamond core holes DAN009 and DAN020, which sampled a 15' true thickness of rock directly overlying the ore body.

         The cored rock was consigned to American Assay Laboratories of Sparks, NV for analysis for a broad spectrum of 70 elements. Results form Item J.

         Analysis results show that the rock is un-mineralized with only background whole rock values for uranium, thorium and sulfur, and metals such as copper, lead, nickel and vanadium. There is no potential for the presence of appreciable radiological or heavy metal elements in decline development waste rock, or the development of acid mine drainage from such waste rock.

Minor sulfur levels below 2000 ppm are present. Coupled with the extensive dolomitization/carbonitization observed in core samples and by calcium and magnesium assays, this indicates no potential for acid production.

Waste from mining

The waste rock generated during mining represents an envelope of mudstone and sandstone of the basal Chinle Formation and the underlying Moenkopi Formation. Core samples from holes DAN009, DAN015, DAN016, DAN020 and DAN025 are presented in Item J **as representative of waste from mining activities.**

The cored rock was consigned to American Assay Laboratories of Sparks, NV for analysis for a broad spectrum of 70 elements. Results form Item J.

Analysis results show that the rock is un-mineralized with only background whole rock values for uranium, thorium and sulfur, and metals such as copper, lead, nickel and vanadium. There is no potential for the presence of appreciable radiological or heavy metal elements in decline development waste rock, or the development of acid mine drainage from such waste rock.

Minor sulfur levels below 2000 ppm are present. Coupled with the extensive dolomitization/carbonitization observed in core samples and by calcium and magnesium assays, this indicates no potential for acid production.

Low grade material from the ore zones will be stockpiled on part of the ore stockpile and either mixed with ore and shipped to the mill, or returned to mined out areas of the mine.

Although it is intended that mineralized material should be returned to the stopes as backfill, the attached data gives an indication of the range of values for mineralized waste that may end up on the waste dump, labeled as Attachment J-1.

It is anticipated that no more than 10% of rock in the waste dump will be mineralized waste.

3. **Ore characteristics**

The host rock is a dolomitic sandstone/conglomerate of the basal Chinle Formation. There is a loose association of uranium with the sulfide mineral chalcopyrite.

Selected sections of the ore body intersected in nine diamond core holes were assayed for a spectrum of 70 elements by American Assay Laboratories of Sparks, Nevada. Selected significant elements are presented in the Ore Characteristics Table, Item K.

Ore will have an average grade of 0.3% U3O8. Due to the association of ore with copper sulfide, sulfur levels will average 2.6% in shipping ore. Average copper grade will be 1.0%. Levels of other metals such as lead, zinc, nickel, mercury and arsenic are low. The ore is carbonate rich, in the form of dolomite and calcite, which will buffer the breakdown of sulfide minerals and inhibit the potential for acid formation.

The Ore stockpile will be small. Ore will be transported to the White Mesa mill on a daily or near-daily basis and will not be stored on site for long periods. Given the short period of time spent on the ore stockpile, there is no potential for the formation of acid drainage from ore at the surface.

4. **Soil Baseline Study**

   Soil samples were collected for laboratory analysis from the areas selected for the ore stockpile and waste dumps, as well as undisturbed areas in the immediate vicinity as reference controls for any radionuclide contamination. The samples were analyzed by Energy Laboratories Inc of Caspar, Wyoming, for radium 226 and thorium 230.

   Five pound samples were collected from an 8" deep hole at each site, and bagged in textile sample bags. A complete list of analytical results is attached, as well as survey information and photographs (Photos DX01 through DX10) **of sample points. Survey locations DX01 to DX10 are marked on** Plan 3.

   Results confirmed the visual assessment that the waste dump and ore pad are to be established on a historical waste dump sourced from the nearby Spook Mine. There is no soil profile or vegetation formed on these old deposits. The historical waste forms a compacted deposit 17 feet thick bordering the creek in the base of Bullseye Canyon (see Photo T).

   There is a high level of radium and thorium in the material, ranging from 30 to 261 pCi/g radium and 64 to 206 pCi/g thorium. Background levels for the area in undisturbed locations are 0.4 to 0.6 pCi/g radium and 0.3 to 0.9 thorium.

   Results indicate that elevated levels of thorium and radium (and uranium) already exist in areas to be covered by the waste dump and ore stockpile. Other areas to be disturbed by mine works exhibit normal background levels for these elements.

C. **Ore development**

1. **Ore will be developed to extreme limits with random room and pillar extraction.**
2. **Nature of ore is not a single, massive deposit. Random waste pillars will be left underground.**
3. **If caving takes place, extraction will be at 8 feet and with 40% expansion for broken rock, opening will be sealed off in 25.5 feet with no surface impact.** (Item E)
4. **Rock anchors used during the operation will also be used for ground support in mine openings.**
5. **Ore will be transported by haul trucks to Denison Mines' White Mesa Mill near Blanding, Utah.**

D. **Existing access roads**

Two county roads (CR D5319, CR D0029) cross the mining claims. They diverge from the Radium King Road (CR B258) at 505465E 4160793N (N37° 35.494' W110° 12.0459') and at 570565E 4160671N (37° 35.424 W110° 12.043'); and rejoin at 571247E 4161284N (N37° 35.753' W110° 11.576'). (Plan 2) **The two "D" county roads will be kept maintained by the mining contractor for easy travel and access.**

1. **CR D0029 runs along the base of Bullseye Canyon, passing through the operations area immediately by the proposed waste and ore stockpiles and mine portals.**
2. **CR D5319 passes 450 feet to the East of and at a 240' elevation above, the proposed mine portals.**

3. **For reasons of public safety it is proposed to divert Bullseye Canyon public traffic onto CR D5319 at 570565E 4160671N (37° 35.424 W110° 12.043) and E571247E 4161284N (N37° 35.753' W110° 11.576) near the area of mine operations. This would result in restricting public access from a 3,160 feet portion of CR D0029 between 570725E 4161105N (N37° 35.658' W110° 11.931') and E571247E 4161284N (N37° 35.753' W110° 11.576) over the period of mine operations. Access to the restricted section would be restored once mine operations cease.**

4. **Safety signs will be posted at the entrance to the mine area. Directional signs will be placed on CR D5319 to provide clear direction away from the mine area. San Juan County Road Department has agreed to post a sign approximately 100 yards in from Highway 95 on CR B258 road which will notify the public of increased truck traffic.**

5. **Fill material that will be used in the low water crossing will be un-mineralized waste sandstone material from the drift (referencing Item R, Map "Grading, Drainage and Survey Control Plan"). No topsoil or mineralized rock will be used.**

E. **Waste Disposal** (Item C, C-1)

1. **Waste material is the same as the material that currently exists on the surface. This material will be reclaimed in place at a 2:1 slope.**

2. **Enough space is available to deposit calculated volumes of waste material on site as outlined.**

3. **Amount of unknown ore development waste will be backfilled in worked out slope in mine.**

4. **SWPPP as presented by SWI** (Plan 10-A, 10-B).

F. **Bats**

1. **Appropriate presence/absence surveys for bats will be conducted in an existing mine opening following the Utah Division of Oil, Gas, and Mining's Internal Mine Bat Survey Protocol. Bat surveys will be conducted before the winter roosting season.**

   a. **If surveys yield negative results for occupancy, the existing mine opening will be covered with the appropriate closure.**

   b. **If surveys detect occupancy in the existing mine, an exclusion process approved by the BLM Monticello Field Office would be conducted until the mine is no longer occupied by bats. Then the existing mine opening will be covered as indicated above.**

2. **New openings created by the proposed action will not be left open during inactive mine periods. Any openings will be closed with the appropriate closure defined by the BLM Monticello Field Office to avoid bat colony establishment.**

G. **Water Services**

1. **Water well will be drilled in the mine/office area next to the pressure holding tank** (see Plan 6). **The well will be drilled to the Cutler White Rim Aquifer (Fry Canyon Store well is also located in the aquifer). Quality is unknown, but water will be used only for mine operations and dust suppression. Well will be located at N46460867 ft, E1873125 ft with an estimated depth of 400 feet. Drilling application is presently pending. 400 foot water well is 300 feet + / - below the proposed mine**

development. The proposed mine development sits on top of the moenkopi layer, which provides a impermeable barrier that prevents contamination of the layers below this moenkopi layer.

2. Water from the well will be pumped into the pressure holding tank of 1000 gallons capacity. (see Plan 6 for location). Tank will be a certified pressure vessel.
3. Water will be temporarily hauled from Fry Spring during water well permitting and will be used for drill water during mining operations.
4. We will use 5,000 gallons of water per day for mine and dust suppression use, initially from the Fry Canyon Spring (water analyses included as Item O). Once the water bore planned for the mine portal area is completed, water use will come from that source. Water analyses from the mine portal bore will be completed prior to use to ensure its benign character.

H. Ground Water

Current drilling operations indicate there is no ground water present in the proposed mining operation area. (Item P)

I. Ore Processing - No processing of ore will occur onsite.

J. Dust Suppression

1. A water truck will be used to spray the mine roads within the permit area, as needed. Water used will be obtained from Fry Spring (see Plan 1 for location) or from a water well to be drilled (see proposed site on Plan 6). Analyses of samples from the water well are pending.
2. Dust emissions from waste rock storage piles will be mitigated by dust suppression, which includes use of approved wetting agents.
3. Dust emissions from the topsoil storage piles will be mitigated by seeding the piles with both a temporary fast-growing seed mix to stabilize the soil and the Reclamation Seed Mix (Item H).
4. Particulate emissions from truck and other vehicle traffic will be mitigated by use of good engineering practices, including enforcement of speed limits and water application.

K. Topsoil Stockpiles (Item G)

1. Approximately 12 inches of soil material from a total of approximately .77 acres will be salvaged and stockpiled. The .075 area from which topsoil will be salvaged includes the Shop/Office Yard and the Mine Yard. Approximately 1,217 yd3 of soil will be stockpiled. The sections below describe proposed plans for salvaging, stripping, and stockpiling soil.
2. The areas that will be disturbed within the operations area consists of well-drained alluvial soils that originated from the erosion of the canyon rocks over time. The alluvial sandy loam are good candidates for topsoil salvage and borrow due to their greater thickness.
3. Plan 3 presents the topsoil-stripping and storage map for the operations area. As shown, the north portion of the proposed disturbed area has between 10 and 15 inches of strippable soil and the southern portion has between 5 and 10 inches of

strippable soil. If average soil depths of 12.5 inches and 7.5 inches are assumed over the .37 acre area of soils, the volume of soil available for stripping and stockpiling would total 1217 bank cubic yards (bcy). These soils are from previously undisturbed areas. Topsoil will not be stripped from the topsoil stockpile area. Stockpile heights have a maximum height of about 10 feet due to land area limitations.

4. Soil stripping will be performed using a tracked dozer, although a front-end loader may also be used. Stockpiles will range from 6 to 10 feet in depth. Equipment will not be allowed to cross over the piles so that compaction is minimized. The topsoil pile locations, depicted on Plan 6, are to be emplaced above the peak flood zone defined by the Hydrology Survey (Item R) and protected from erosion by four foot high bunds constructed from near-surface portal development waste to minimize erosion losses. Berms will be established on the margins of the ore storage area and the services area to prevent surface run-off from the mine operations area and roads from intersecting the topsoil piles.

5. Topsoil piles will be contoured, furrowed, and broadcast seeded in late fall with the Reclamation Seed Mix (see Item H) to maintain soil viability and prevent surface wind and water erosion. Vegetation success on the stockpiles will be monitored and stockpiles will be reseeded where vegetation is sparse.

6. Before waste is deposited at designated waste pile site the toe of the existing hill will be stripped of the talus for approximately nine feet, starting at the toe and tapering upwards at a 1:1 slope for 16 feet to zero. This excavation will be 200 feet in length, beginning at the proposed West end of the waste pile (see Item C-1, Cross section 6+50W) and terminating at the proposed East end (see Item C-1, Cross section 4+50W). This material will be stockpiled, labeled as "stockpile II" on Plan 6, on the sloping bench East of the ore pad.

L. Buildings and Services (Plan 6)

1. Shop building will be 30' x 40' built on a concrete slab. Office will be 8' x 24' also built on a concrete slab. Portable bathrooms, showers and locker buildings will be provided onsite. Buildings will be painted in colors that blend with the surrounding area.

2. Drinking water will be provided in sealed, 5-gallon water containers from Culligan Water Company. It will be transported to the site by the contractor's equipment and will be provided in quantities and frequencies as determined by usage.

3. Shower water will be transported to holding tanks supplied by Prairie Dawg Portable Services.

4. Chemical toilets will be provided and serviced by Prairie Dawg Portable Services.

M. A 2000 gallon fuel storage container will be onsite and will be placed within containment designed for 200% proposed spillage plus 100 year, 6-hour rain event. Tank will be located 110 feet from portals. (Item F and Plan 6). A copy of the SPCC plan will be posted at or near the fuel storage container and in the shop area.

N. Oils and Chemicals

Oils, lubricants, and any chemicals will be stored in a locked partitioned area within the shop building, denoted "SHOP" on Plan 6 according to a written hazard communication

policy. This policy covers training, labeling, listing of chemicals, disposal, and material safety data sheets.

O. Bob's Sanitation will place an 18 or 30 cubic yard trash container on mine site near shop building, and as per contractual agreement, will empty on a scheduled basis but not less than monthly. Full trash container will be picked up and an empty container left in its place. Bob's Sanitation would dispose of trash at either the San Juan County landfill or the Grand County landfill, depending on the time of day that the trash is collected.

P. Portal Site

1. Portal site will excavate a 30-foot cut producing 3,030 yards^3 to produce a high wall with a 1:1 slope.
2. Slope will be stabilized with rock anchors on a 2 ½ x 2 ½ foot pattern, with chain link fabric, and covered with MSHA approved sealant.

Q. Vent Site

1. Vent holes will be drilled after mine development.
2. Vent sites will have concrete foundations approximately two feet above ground level and will be 20 feet in diameter.
3. Vent hole will be seven feet in diameter with a six foot casing and a protection screen over the top.
4. Fans will be located underground.
5. Surface sites are located on existing disturbed roads and drill pads that were emplaced prior to 1980. Access to the vent sites is along existing roads. No new access roads will be emplaced.
6. A generator will be located at the portal site and will be used to provide power to mine.
7. The only power lines to be used will run underground from the generator to fans.

R. Employees and workers will be housed at Fry Canyon Lodge at the junction of CR B258 and Highway 95, and/or in local area communities. The Fry Canyon Lodge is 14 miles by CR B258 from the proposed operation. There will be no on site accommodation. Workers will commute in one vehicle to the jobsite twice a day. One pickup truck will stay onsite for workers to commute from camp to mine site and vice versa. When there are two shifts per day, the trips will double to accommodate trips for the separate shifts.

S. It is anticipated that some type of support trucks will be onsite at least 3 times a week i.e. Portable toilet service, trash service, drinking water service, and fuel delivery companies.

T. Ore trucks will make, on average, 5 to 6 trips per day (at the mill's discretion). The ore trucks carry approximately 25 tons of ore per trip.

U. Other equipment onsite: Water truck, utility vehicles, and a four-wheeler will be kept onsite. A grader will be brought onsite periodically as needed.

V. **Further surface drilling of 22 holes will be conducted according to exploration permitting protocols. Approximate location of drill holes are show on map attached as** Plan 7A. **No pads to be built, but drill sites will have mud pits. (see reclamation section below for reclamation procedures)**

W. **Weed and invasive plant control will be conducted as stated in the attached "Noxious Weed and Invasive Plant Control" Plan** (Item Y).

X. **Other permits and licenses that are required by other federal, state and local agencies are as follows:**

- **MSHA mine permit: Reliance Resources, contractor for the Daneros Mine, currently has a MSHA contract number M879. Utah Energy will submit for mine permit once we begin underground excavation.**
- **MSHA training plan, escape and evacuation plan, and ventilation plan: These plans will be submitted to MSHA for approval, once we receive the mine permit number from MSHA.**
- **Storm Water Prevention Plan and Permit: Permit has been issued by State of Utah, Department of Environmental Quality. Permit No. UTR110738.**
- **Water use permit: Utah Energy will submit an application for water usage. Permission has been received from the current permit holder, Sandy Johnson, to use requested water sources.**
- **Air Quality: We are required to keep the dust to a minimum. The fugitive dust specification is 20% opacity (per John Black/John Jenks, Division of Air Quality). Outside radon tests and annual radon reporting is required as per 40 CFR Part B. Testing and annual reporting will be done according to regulation. (CFR referenced by Jason Krebs, Division of Air Quality).**
- **Radiation Control: There is no permits required for our proposed mining plan. (per John Hultquist, Low Level Radioactive Waste and Uranium Mill Tailings Health Physicist Section, Division of Radiation Control)**
- **No county, city, or local licenses are required to mine at this location.**
- **Pesticide application: Utah Energy will designate mine personnel who will become trained and licensed as required by Utah Department of Agriculture and Food.**
- **Spill Prevention Control and Countermeasure (SPCC) plan: Will be posted in the shop and at fuel tank area.**
- **Stream Alteration Permit: Utah Energy will submit an application for this permit before doing any stream alterations.**

6. **There will be no new roads. Access road CR D0029 from CR B258 to the mine areas will be kept clean by periodic grading and watering for dust suppression and road stability. Road will not be widened or realigned and when necessary will be graveled using an off-site source nominated by the county.**

7. Total project surface acreage to be disturbed: **4.5 acres (is a gross inclusion of all activity. This also includes the acreage needed for any future drilling disturbances.) Area of historical disturbance as shown on** Plan 12 **is 1.10 acres.**

8. Proposed startup date: **As soon as possible after mine plan approval is received from the State of Utah and BLM.**

9. Proposed completion date: **09/2016**

IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)

A. Concurrent Reclamation

1. **Reclamation will be concurrent with operations.**
2. **Waste dump will be deposited at reclaimed 2:1 slope. Re-vegetation will be done each fall on final reclaimed portions.**
3. **Waste dump will be wheel compacted.**
4. **Drill holes will be reclaimed concurrent with operations. Drill cuttings will be backfilled into drill hole to five feet from surface. Drill holes will then be plugged with a five foot cement surface plug. No water is expected to be encountered in drilling operations. Mud pits will be allowed to dry out and then will be backfilled.**

B. Mine yard and shop yard slopes will be as deposited 1:1 and will be reclaimed to a 2:1 slope and re-vegetated upon completion of operations. (Item C, C-1 and Plan 8, Plan 9)

C. All disturbed/active areas will have diversion ditches and SWPPP as described in SWI reports. (Plan 10-A and 10-B)

D. At completion, ore storage area will be excavated to remove all radionuclide-bearing rock with values above background. Rock will either be transported to the White Mesa Mill for treatment or will be placed within the mine workings.

E. There is no topsoil at waste pile site and southern end of ore stockpile (See Plan 6 **for location). Waste site is underlain by a 17 foot thickness of waste rock from previous (pre 1980) mining operations. Six inches of topsoil from northern end of ore stockpile site will be pushed up to the northeast side of the stockpile and stored, noted as "stockpile I" on** Plan 6. **New disturbance piles as designed.** (Item G) **Material salvaged from the toe of the slope at the waste pile site will be talus, derived from the overlying red sand stone. Any clay material will be avoided. By design, 746 cubic yards of soil will be excavated and stockpiled, noted as "stockpile II on** Plan 6. **This is enough material to cover the reclaimed waste pile to a depth of one foot (see** Item G **for calculations).**

F. The portals of the declines will be reclaimed by placing waste rock backfill from 30 feet inside each decline to the portal. Backfilling will also occur around and against each backfilled opening to create a natural appearing talus slope of approximately 2H:1V. A minimum of six inches of native topsoil will be placed over the backfilled surface, which will then be pocked with a backhoe or hydraulic excavator. The reclaimed "talus" slope will be broadcast seeded by hand with the Reclamation Seed Mix (Item H) **in late autumn.**

G. The two vent holes (525' and 380'deep) (see Plan 7) **will be reclaimed with 6 ft of foam to seal the vent hole and then construct a reinforced concrete cap over the foam. The vent holes will be 7 ft in diameter with a 6 ft casing. The concrete cap will include small I-beams, angle iron, and rebar for structural support and a minimum thickness of six inches of concrete. The concrete cap will be covered by three to four feet of backfill then soil collected from within the area of disturbance associated with the vent hole. No topsoil salvage or storage will be required at each vent hole. All disturbed areas will be ripped, seeded, and covered with soil, in the late autumn. Vent hole areas will be seeded with the Reclamation Seed Mix** (see Item H).

V. VARIANCE REQUEST (Rule R647-3-110)

Are variances being requested? Yes **No X**

VI. SURETY (Utah Code Ann. §40-8-7(1)[c])

A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations. All mining operations are required to furnish and maintain reclamation surety to guarantee that the land affected is reclaimed (Utah Code Ann. §40-8-7(1)[c]).

The reclamation surety amount is based on the nature, extent and duration of operations. The amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions. Reclamation surety for small mines is reviewed every three (3) or five (5) years and adjusted as necessary for inflation/deflation based upon acceptable Costs Index. Contact the Division for the dollar amount required for a three (3) or five (5) year period for this project.

I have provided or will provide surety in the form of:

X Certificate of Deposit or Cash Deposit

VII. PERMIT FEE (Utah Code Ann. §40-8-7(1)(i))

A permittee's authorization under a notice of intention to conduct small mining operations shall require the paying of permit fees as authorized by the Utah Legislature (R647-3-102.5). Permit fees are assessed to new and existing small mining operations, and annually thereafter, until the project disturbances are successfully reclaimed by the Permittee / Operator and released by the Division.

Small Mine Notices require a $150.00 fee, which must accompany this application, or the Division cannot process it.

VIII. SIGNATURE REQUIREMENT

(Please check the box if applicable and place your initials on the line provided)

____ I have enclosed the required permit fee.

____ I have enclosed/requested a Reclamation Contract (Form MR-RC) and the appropriate reclamation surety amount or have made arrangements as to when the surety will be furnished.

____ I understand that I am not authorized to create any surface disturbance until the surety amount is posted and approved in writing from the Division of Oil, Gas and Mining and any other authorized regulatory agency.

CERTIFICATION

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

a) I have read this form and declare the information, statements and/or documentation are true, correct and complete to the best of my knowledge and belief; AND

b) I commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.

c) **This certification must be signed by:** (1) an executive officer if the applicant is a corporation; (2) a partner if applicant is a partnership (general or limited); (3) the owner, if applicant is a sole proprietorship; **or** (4) the member or manager if applicant is a limited liability company.

Signature: _____ Date: _____

Name (typed or printed): **Kelly Shumway, Vice President**